
HOUSE BILL No. 1610

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.3-5-5; IC 21-6.1-3-13.

Synopsis: Custodial accounts. Requires the public employees' retirement fund and the teachers' retirement fund to use a bank or trust company that is incorporated or transacts business in Indiana to manage the funds' custodial accounts.

Effective: July 1, 2003.

Whetstone, Dobis

January 16, 2003, read first time and referred to Committee on Financial Institutions.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1610

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.3-5-5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) The custodians
3 must be:

4 (1) **financial institutions that are:**

5 (A) banks **that accept deposits and make loans;** or

6 (B) trust companies ~~located in that~~ **transact business in**
7 **Indiana; and**

8 (2) **either:**

9 (A) **are incorporated in Indiana under IC 28-12; or**

10 (B) **hold a certificate of admission under IC 28-1-22.**

11 (b) The board is authorized to accept safekeeping receipts for
12 securities held by the custodians. Each custodian must have a
13 combined capital and surplus of at least ten million dollars
14 (\$10,000,000) according to the last published report of condition for
15 the bank or trust company and have physical custody of such securities.
16 The state board of accounts is authorized to rely on safekeeping
17 receipts from the custodian. The custodian may be authorized by the



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agreement to:

- (1) hold securities and other investments in the name of the fund, in the name of a nominee of the custodian, or in bearer form;
- (2) collect and receive income, interest, proceeds of sale, maturities, redemptions, and all other receipts from the securities and other investments; deposit all these receipts in a custodian account or checking account as instructed by the board; and reinvest these receipts as directed by the board;
- (3) maintain accounting records and prepare reports which are required by the board and the state board of accounts; and
- (4) perform other services for the board as are customary and appropriate for custodians.

~~(b)~~ **(c)** The custodian is responsible for all securities held in the name of its nominee for the fund.

SECTION 2. IC 21-6.1-3-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. **(a)** The board may enter into a custodial agreement with a bank or trust company ~~located in Indiana~~ on terms the board considers in the best interest of the fund.

A custodian under this section must be:

- (1) a financial institution that is:**
 - (A) a bank that accepts deposits and makes loans; or**
 - (B) a trust company that transacts business in Indiana; and**
- (2) either:**
 - (A) be incorporated in Indiana under IC 28-12; or**
 - (B) hold a certificate of admission under IC 28-1-22.**

~~That~~ **(b)** The agreement **described in subsection (a)** may authorize the custodian to:

- (1) hold the fund's securities and other investments in the name of the fund or a nominee, or in bearer form;
- (2) collect the income and other receipts from the securities and other investments and deposit them subject to the instructions of the board or its representative;
- (3) reinvest the receipts on the direction of the board or its representative;
- (4) maintain accounting records and prepare reports as may be required for use by the fund and the state board of accounts; and
- (5) perform other services for the board which are appropriate and customary for the custodian.

(c) The custodian is responsible for all securities held in the name of its nominee for the fund.

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